

alphaDIRECT MANAGEMENT SERIES

MAY 30, 2018

IN FOCUS: WESTPORT FUEL SYSTEMS AND ITS POSITION AS A GLOBAL TIER 1 ORIGINAL EQUIPMENT MANUFACTURER (OEM) SUPPLIER

This report focuses on Westport Fuel Systems, Inc. (WPRT), its transportation segment and its leading position as a global Tier 1 original equipment manufacturer (OEM) supplier for alternative fuel components and systems leveraging the established product brands, Emer, BRC Gas Equipment and Westport.

WPRT Business Snapshot

Founded: 1995
Headquarters: Vancouver, Canada
Ticker: WPRT (TSX/NASDAQ)
Stock Price: \$2.96*
Market Cap: \$385.084M*
Website: www.wfsinc.com
 *As of May 25, 2018



About alphaDIRECT Advisors

alphaDIRECT Advisors (ADA), a division of EnergyTech Investor, LLC, is an Investor Intelligence and publishing firm that creates and implements digital content and programs to help investors better understand a company's key drivers including industry dynamics, technology, strategy, outlook and risks as well as the impact they could have on the stock price. ADA's expertise encompasses a variety of sectors including Clean Transportation, Emerging EnergyTech, Energy Services, Smart Buildings, Solar, Water Value Chain and Industrial. ADA was founded by Wall Street veteran and research analyst, Shawn Severson, after seeing a significant shift in the investment industry that resulted in less fundamental research conducted on small cap companies and a significant decline in information available to all investors. ADA's mission is to bridge that information gap and engage companies and investors in a way that opens information flow and analytical insights.

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THE alphaDIRECT INSIGHT

As alternative fuels are starting to become a critical part of OEMs' product portfolios, we believe that Westport Fuel Systems owns a significant portion of the global alternative fuel vehicle volumes with its LPG, CNG and LNG fuel systems. As a fully integrated Tier 1 supplier, Westport Fuel Systems supplies customers with products, processes, quality and availability while aligning with the OEM's high expectations of strict process control and standards. We believe that Westport Fuel Systems Emer brand in particular is a leader in the OEM high pressure component market driven by its strong team, long-standing OEM relationships with credible technology, together with its flexibility to meet customers' expectations and demand globally.

Participants

Mr. Fabio Vesentini
Vice President, OEM Light Duty and
General Manager, Emer Operations
Westport Fuel Systems, Inc.

Mr. Vesentini was appointed General Manager of Emer Operations in April of 2018. With over 20 years of extensive experience in the Automotive industry, Mr. Vesentini has held management roles in international sales and business development for various technology companies. Mr. Vesentini joined Westport Fuel Systems in 2009 as Sales and Marketing Director for OMVL and in 2011, became responsible for the Emer brand. In 2014, Mr. Vesentini became Westport Fuel Systems Vice President, Sales and Marketing and in 2016, became Vice President, OEM Sales and Marketing. Prior to joining Westport Fuel Systems, Mr. Vesentini was Sales Manager for North Plastik, a company developing OEM plastic injection moulding and was Key Accounts Manager for Ufi Filters Group, which specializes in filtration solutions for the automotive OEM. Mr. Vesentini also held the position of Sales Director at Coram SpA, a company manufacturing steering columns for the medium duty market, serving the construction and agricultural industries. Mr. Vesentini holds a Bachelor of Engineering degree from University Politecnico in Milan, Italy.

Mr. Shawn Severson
Founder and CEO
alphaDIRECT Advisors

Mr. Severson is the founding partner and CEO of alphaDIRECT Advisors (ADA). He has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Prior to founding ADA, he led the Energy, Environmental and Industrial Technologies practice at the Blueshirt Group. Mr. Severson was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Starmine's top three stock pickers.

ABOUT WPRT

Westport Fuel Systems Inc. is a transportation technology company that engineers, manufactures and supplies advanced clean fuel systems and components in North America, Europe, Asia, South America and Africa. The company operates in three segments: Transportation, the Cummins Westport joint venture, and Corporate. From components to fully integrated systems, the company offers a wide range of products and services for alternative fuel solutions powered by natural gas, propane, renewable natural gas, and hydrogen. With a breadth of reach spanning from passenger vehicles to heavy-duty trucks, locomotives, marine applications, refueling, electronics and a strong intellectual property portfolio, Westport Fuel Systems serves OEMs and aftermarket distributors in more than 70 countries, under leading transportation brands including BRC Gas Equipment, Westport, Emer, OMVL, Valtek, Prins, GFI, Zavoli, TA Technology and Cubogas. Further, through its Cummins Westport joint venture, the company offers natural gas engines for transit, school, and shuttle buses; conventional trucks and tractors; refuse collection trucks; and specialty vehicles, such as short-haul port drayage trucks and street sweepers. The company was founded in 1995 as Westport Innovations Inc. and became Westport Fuel Systems Inc. in June 2016 following its merger with Fuel Systems Solutions. The company is headquartered in Vancouver, Canada with over 1300 employees and offices in 14 countries.



Shawn Severson: First, I would like to thank you for taking the time to speak with us today. This is our third alphaDIRECT Management series with Westport Fuel Systems and our focus will be on the Transportation segment and Westport Fuel Systems leading position as a global Tier 1 OEM supplier for alternative fuel component and systems. Today we will focus on the OEM light-duty business which leverages the established product brand, Emer and next we will focus on our independent aftermarket segment and brand positioning. Fabio, could you start by giving us a brief introduction of yourself and what brought you to Westport Fuel Systems?

Fabio Vesentini: Thank you for this opportunity. For the first 20 years of my career, I worked as a professional engineer within the automotive Tier 1 OEM market, through different commodities and technologies. I was introduced to alternative fuels in 2009 when I joined Emer as the sales and marketing director. A year later, we were acquired by Westport and I was given the responsibility of internal sales and marketing within the Emer group. When Westport merged with Fuel Systems in 2016, the company decided to create a fully dedicated OEM business within the light-duty operations. Today, as the Vice President of OEM Light-Duty, I have the full profit and loss responsibilities for the OEM light-duty business, in addition to being the General Manager of our operations in Brescia, Italy, which is our OEM "Centre of Excellence".

Shawn Severson: Thank you, Fabio. How is the automotive business environment today in regard to alternative fuels and how are Westport Fuel Systems and the Emer brand positioned?

Fabio Vesentini: The automotive OEM strategy and vision has been changing in recent years and alternative fuels have started to become a critical part of OEMs' product portfolios. Several macro trends are driving the rapid change, including limitations on vehicle emissions and electrification. The alternative fuel system supply chain has to adjust to align with the OEMs' expectation of high-quality product with strict process control and standards, which is to be expected from a Tier 1 supplier. We are proud to be a full-fledged Tier 1 supplier to provide customers with Tier 1 products, processes, quality, and availability. Westport Fuel Systems, with its LPG, CNG, and LNG fuel systems, owns a significant portion of global alternative fuel vehicle volumes. We offer market ready solutions to address the environmental challenges by reduced vehicle emissions and total ownership cost in the light-, medium- and heavy-duty vehicle market. Within the Westport Fuel Systems group, Emer is a leader in the OEM high pressure component market.

Shawn Severson: Thank you, Fabio. What are the specific strengths or competitive advantages that the company might have?

Fabio Vesentini: In Brescia, we develop and manufacture high pressure components and

systems, based on automotive OEM requirements and standards for natural gas vehicles and looking forward, hydrogen applications and technologies. Our strengths can be summarized in three parts: our team, which is reflected in the product processes and standards of innovation; the long-standing OEM relationships we have, which is reflected by the product and technology credibility within company; and finally, the flexibility that we have to meet our customers' expectations and requests worldwide. These are the three areas that make us successful.

Shawn Severson: Where are the market opportunities, specifically on the growth side for the OEM business?

Fabio Vesentini: We have two growth strategies for our key segments: expanding the scope of component supply in the light-duty market and capturing growth in the medium-duty market globally. Today we are already working with major OEMs in the alternative fuel vehicle market. To increase market share, we are expanding our product offering to include hydrogen and advanced electronic control technology in the high-pressure component business. In addition, we have been developing our medium-duty natural gas strategy by leveraging our know-how and expertise within the Westport Fuel Systems group. We strongly believe that alternative fuel options in the medium- and heavy-duty segments will grow further and be less impacted by electrical vehicle technology. This is

because these markets are systems oriented compared to the light-duty market.

Shawn Severson: What would you say are your most important or key markets and where do you think expansion is possible and why?

Fabio Vesentini: First of all, we have a very strong position in Europe and are partnered with many leading OEMs. Outside of Europe, I would highlight China and India. The market drivers are different in each region, but overall these are the key markets where we believe growth will come from.

Shawn Severson: Great, thank you. Diesel-ban is now a serious topic in the market - how does that effect your business and can you benefit from the diesel-gate?

Fabio Vesentini: It's clear that diesel is in a difficult position which has the potential to benefit Westport Fuel Systems. As tighter emissions control takes place and more cities are proposing to stop the use of diesel vehicles, OEMs are realizing the need to offer alternative fuel solutions in their product portfolio today to meet increasingly stringent regulatory frameworks in the future. We see this as a significant opportunity for market-ready LPG and CNG vehicles, together with hybrid and electric, which can fulfill the customer demand and meet the market expectations for clean and safe forms of transport.

Shawn Severson: Thank you, Fabio. What would you say are the biggest risks to the

business over the next couple of years? Is it government regulation, competition or execution?

Fabio Vesentini: You mentioned three items that must be considered together. Our market is still dependent on the policy in different countries. This is one of the items out of our control, but that still impacts a lot of the vehicles on the market. Competition is both a risk and an opportunity and one example of that is electrification together with the diesel ban. Diesel bans have opened a major discussion within the automotive industry and we will find a new significant portion within the product portfolio of any OEM.

Shawn Severson: I agree. We see a lot of interest from investors on how natural gas is going to fit in with other technologies such as electrification on the commercial and passenger side. If I understand your view correctly, you were saying that there is still plenty of opportunity for natural gas in new energy vehicle platforms?

Fabio Vesentini: Absolutely, Shawn. That is correct. Looking at light-, medium- and heavy-duty applications, natural gas is a valid option together with electrification. We are absolutely not talking about cannibalization of natural gas from electrification. OEMs are looking to natural gas as a market-ready viable alternative to

the conventional fuel, especially versus using diesel.

CNG, LNG, LPG and RNG, which have environmental and economic advantages, remain competitive because of widespread domestic availability, which addresses energy security and access-to-supply challenges. In addition, technology and infrastructure networks are well established around the world. When we talk about the future of electrification within the next 10 or more years, there are demands for infrastructure that are simply not available today. Electrification brings a major shift to the automotive industry and timing for infrastructure and technology development can be a long process. For example, recently India announced that they have postponed their vehicle electrification strategy with the previous goal being to have only electric vehicles on the roads by 2030. The Indian government understands that a major shift in the automotive business takes time.

Shawn Severson: Great. Thank you very much, Fabio, for your time today. We're looking forward to our next alphaDIRECT Management Series focusing on Westport Fuel Systems position within the independent aftermarket in the near future.

Fabio Vesentini: Thank you very much, Shawn.

SHAWN SEVERSON FOUNDER AND CEO

Mr. Severson founded *alphaDIRECT* Advisors (ADA), a division of EnergyTech Investor, LLC, in 2016 after seeing a significant communication and information gap developing between companies and the financial community. Mr. Severson has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Previously, he was Managing Director at the Blueshirt Group where he was the head of the Energy, Environmental and Industrial Technologies practice. Prior to the Blueshirt Group, Mr. Severson was at JMP Securities where he was a Senior Equity Research Analyst and Managing Director of the firm's Energy, Environmental & Industrial Technologies research team. Before joining JMP, he held senior positions at ThinkEquity, Robert W. Baird (London) and Raymond James. He began his career as an Equity Research Associate at Kemper Securities. He was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Starmine's top three stock pickers.



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